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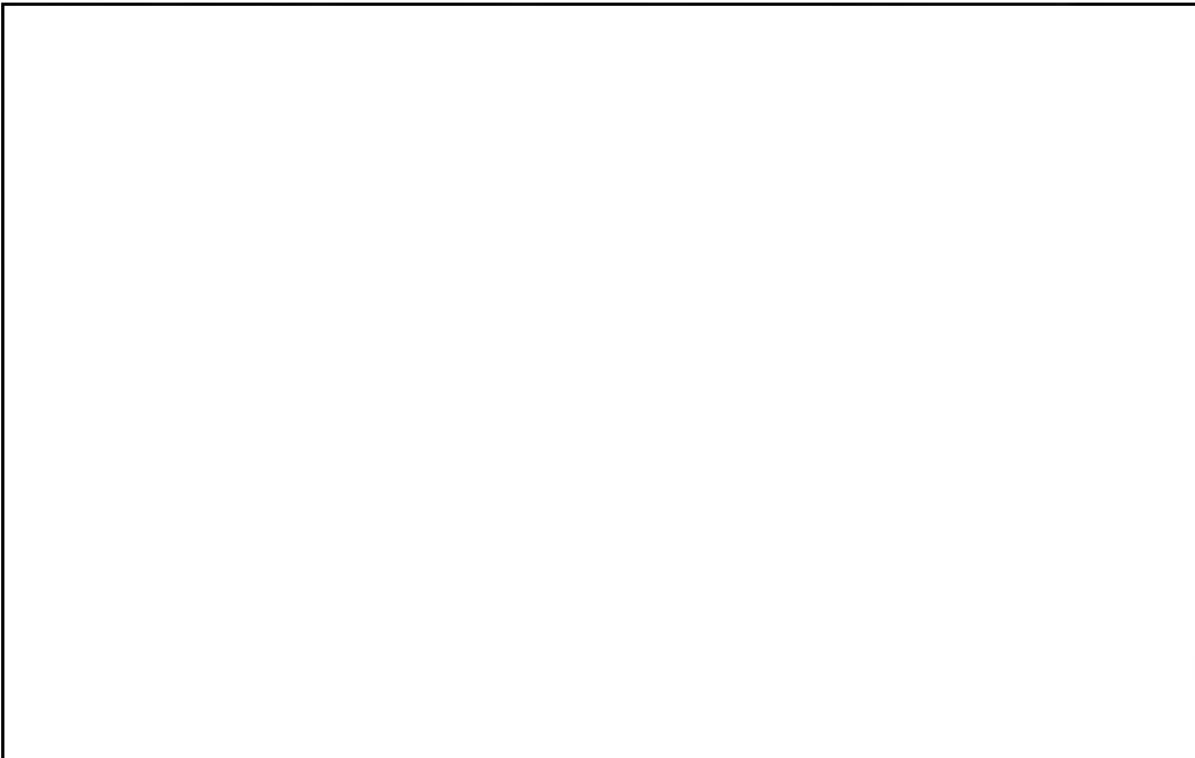
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CENTRAL INTELLIGENCE AGENCY

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1. SOVIET REVERSAL ON UN MEMBERSHIP

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The Soviet proposal of 14 December to postpone consideration of the admission of Outer Mongolia and Japan to the United Nations until the next session of the General Assembly has placed the USSR in a position to claim credit for making the concession which broke the long membership deadlock and, at the same time, to continue to manipulate Outer Mongolia's candidacy as a lever in efforts to force the expulsion of the Chinese Nationalists and the seating of the Chinese Communists.

Soviet delegate Sobolev's statement that the USSR assumes that "measures will be taken by united action" before the next General Assembly session to permit the entry of Outer Mongolia and Japan is a clear indication that the USSR will make Japan's admission contingent upon the simultaneous entry of Outer Mongolia, and that it will encourage such countries as India to lead a movement to unseat the Chinese Nationalists as the only way to secure the admission of Outer Mongolia and Japan.

Moscow probably believes that its offer to vote for Japan on condition that Outer Mongolia also be admitted will eventually confront the United States with a choice between agreeing to seat the Chinese Communists or continuing to support the Nationalists at the cost of Japan's continued exclusion.

The Russians also probably calculate that their move will weaken Japan's position in the Soviet-Japanese talks which are to be resumed in London next month and will strengthen Prime Minister Hatoyama's argument that Japan's admission to the UN now depends on the early conclusion of these talks.

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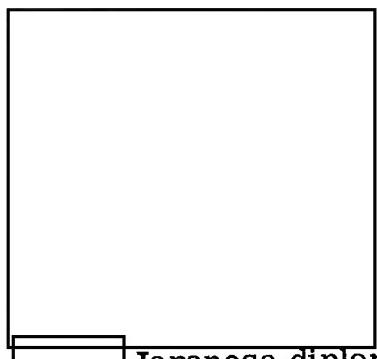
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2. JAPAN'S UN DEFEAT MAY SPUR TOKYO-MOSCOW RECONCILIATION

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Defeat of Japan's bid for UN membership has led Prime Minister Hatoyama to state publicly that Japanese admission to the UN now depends on the early restoration of relations with the USSR and that he is willing to visit Moscow if necessary. The establishment of Soviet-

Japanese diplomatic relations before territorial and other issues are settled, as proposed by the USSR during the London talks, has been opposed by the Tokyo Foreign Ministry on grounds that Moscow could then use these issues to extract future concessions.

Foreign Minister Shigemitsu told Ambassador Allison on 15 December that he may be forced to resign for having advocated too close dependence on the United States and for stubbornness in dealing with the Soviet Union, which the Socialists say caused the Soviet veto. The Socialists plan to introduce a motion of no confidence in Shigemitsu in the Diet on 16 December; although this move will probably fail, Hatoyama may use the opportunity to shelve the foreign minister for having differed with his own more conciliatory policy toward Moscow.

Meanwhile, public criticism in Japan is being leveled principally against Taipei for torpedoing the original 18-nation proposal, but also against the United States and the USSR. Nationalist China's action is likely to lead to greater official support for relations with Communist China.

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**3. NEW SOVIET BUDGET REPORTEDLY WILL MAKE NO
CHANGE IN DEFENSE EXPENDITURES**

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[REDACTED]

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that the 1956 Soviet budget will contain "no surprises," and that defense expenditures will apparently remain at about last year's level. They also said that the draft of the sixth Five-Year Plan will probably be published in the first half of January and, while it will not de-emphasize the priority assigned to heavy industry, will provide for increased output of consumer goods.

Comment

The 1956 budget is scheduled to be presented in the Supreme Soviet session beginning on 23 December. Directives for the sixth Five-Year Plan are on the agenda of the 20th Party Congress which will be convened on 14 February 1956.

Maintenance of published military expenditures at the 1955 rate would keep them at a postwar and peacetime high despite the announced intention to reduce troop strength by 640,000 men. (Prepared by ORR)

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5. KABUL PLAYS DOWN ARRIVAL OF KHRUSHCHEV AND BULGANIN

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[REDACTED]

The reception for Khrushchev and Bulganin in Kabul on 15 December was relatively small and undemonstrative, as had been predicted by the Afghan foreign minister. Afghan press and radio silence regarding the visit until 14 December indicates the government's desire that there be a minimum impact on the Afghan populace. It is possible, however, that a previously reported Afghan request for a loan will be granted by the Soviet Union.

Immediately prior to the Soviet visit, the Afghan government made official denial of the existence of its arms deal with Czechoslovakia, presumably to avoid an international reaction similar to that which followed publication of the Egyptian-Soviet bloc agreement. The Afghan embassy in Cairo has issued a communiqué stating that Afghanistan intends to remain outside both Eastern and Western blocs.

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6. FRENCH INTERIOR MINISTRY FORECASTS ELECTION RESULTS

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The French Ministry of Interior estimates on the basis of reports from the departmental prefects that the Communists' share of the vote in the 2 January elections will fall from the 25 percent they won in 1951, and probably will not exceed the 21.7 percent they received in this year's cantonal elections. The ministry nevertheless expects the party to increase its representation in the National Assembly from 98 to 122 deputies.

The ministry anticipates 149 seats will go to Mendes-France's Republican Front, 272 to the present coalition, and 11 to the extreme right. Algeria and the overseas territories are excluded from this estimate.

Comment

While most observers agree that the Communists' popular vote will be slightly below their 1951 figure, some estimate they will nevertheless win up to 140 seats in the new 626-member assembly. Mendes-France admits privately that his Republican Front can win only about 150 seats. While a surprisingly large number of new voters have registered in the past two weeks and this could result in a considerable change in the assembly line-up, there is little likelihood of a stable majority in the next assembly.

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THE ARAB-ISRAELI SITUATION
(Information as of 1700, 15 December)

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The American military attaché in Tel Aviv believes that violent rains and flood conditions in Israel probably preclude military action for a few days.

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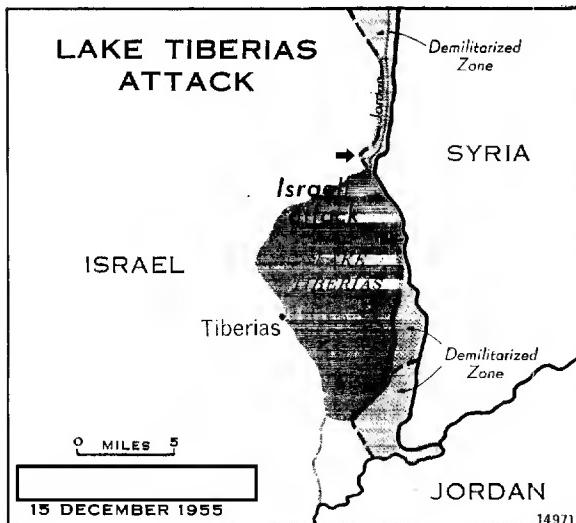
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As of 13 December Syrian chief of staff Shuqayr appeared ill-informed about the Israeli raid and undecided as to what to do. He told the American military attaché in Damascus he was considering calling up reserves, but had not consulted President Quwatli on this.

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Prime Minister Nasr's public statement that Egypt and Syria will attack Israel on two fronts if the Israelis commit "further aggression" indicates that Egypt plans no immediate military action to support Syria. Egyptian foreign minister Fawzi told Ambassador Byroade on 13 December that Egypt had urged Syria to take the matter to the UN Security Council, but claimed this course was only a "lesser evil" since he feared the USSR might use a UN debate to "work mischief."

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Nasr's announcement will, however, make it more difficult for him to avoid taking military action should another major Israeli raid occur. UN truce chief General Burns told the American consul general in Jerusalem on 13 December that he was worried over the possibility of such a raid as a result of his talk with Israeli prime minister Ben-Gurion two days earlier. Burns thought

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Ben-Gurion's attitude, especially the prime minister's inquiry as to Egypt's intentions regarding UN cease-fire proposals, had "sinister overtones," and Israeli charges of a "wave of Egyptian aggressions" added to Burns' concern.

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